

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

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CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 H-02 PA-01 PRS-01 OES-03 IGA-01 CU-02

AGR-05 PC-01 ABF-01 FS-01 /099 W  
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R 230924Z OCT 75

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 0567

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E.O.: 11652: N/A

TAGS: UTSJC, TS

SUBJ: U.S.-TUNISIAN JOINT COMMISSION: SUMMARY OF RESULTS  
AND COMMENTARY

REF : TUNIS 6000

1. SUMMARY. SECOND SESSION OF US-TUNISIAN JOINT COMMISSION  
GAVE BOTH SIDES OPPORTUNITY TO EXPRESS THEIR VIEWS ON RE-  
LATIONS AND OVERALL SITUATION AFFECTING THESE RELATIONS.  
TUNISIANS STRESSED THEIR CONCERN OVER DECREASED LEVEL OF  
US AID, DIFFICULT ECONOMIC SITUATION NOW FACING COUNTRY,  
AND NEED FOR CONTINUED ASSISTANCE IN ORDER TO ATTAIN EVENTUAL  
SELF-SUSTAINED GROWTH. THEY EXPLAINED TUNISIA'S IMPORT NEEDS  
AND DEVELOPMENT PRIORITIES AND STRESSED NEED FOR MARKETS  
FOR THEIR EXPORTS. US DELEGATION NOTED LIMITATIONS ON BI-  
LATERAL AID, BROUGHT TO TUNISIAN ATTENTION OTHER FORMS OF  
ASSISTANCE FROM US AND PLACED OUR ECONOMIC COOPERATION IN  
FRAMEWORK OF INTERNATIONAL ECONOMIC DEVELOPMENTS, STRESSED  
OPPORTUNITIES FOR TRANSFER OF MODERN TECHNOLOGY AND MANAGE-  
MENT AND CAPITAL THROUGH IMPORTS OF EQUIPMENT AND SERVICES  
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AND PRIVATE INVESTMENT, DISCUSSED OBSTACLES TO TRADE AND IN-

VESTMENT, AND INFORMED TUNISIANS OF US INTENTION EXPAND CULTURAL RELATIONS PROGRAM. UNDERSTANDING REACHED ON NEXT PROCEDURAL STEPS FOR SEVERAL POSSIBLE AID PROJECTS AND ON FORMATION OF 2 WORKING GROUPS ON TRADE AND INVESTMENT. IN SPITE OF DISAPPOINTMENT ON AID, TUNISIANS WORKED HARD TO MAKE SUCCESS OF JOINT COMMISSION AND SEEMED PLEASED OVER RESULTS. EMBASSY BELIEVES THIS SECOND SESSION HAS CONTRIBUTED TO OUR OVERALL EFFORT HERE BUT WILL HAVE TO BE EFFECTIVELY FOLLOWED UP BY ALL CONCERNED ON US SIDE AND, MOST PARTICULARLY, BY GOT. END SUMMARY.

2. GOT MANAGED TO FOCUS PRIMARY ATTENTION ON DEVELOPMENT SUBCOMMISSION BY SUCH MEANS AS DEVOTING MOST OF 20 PAGES OF AGREED MINUTES TO AID MATTERS AND RESISTING ANY IMPLICATIONS IN OFFICIAL DOCUMENTS OF JOINT COMMISSION THAT, IN SPITE OF RECENT ECONOMIC PROGRESS, TRADE AND INVESTMENT COULD REPLACE BILATERAL AID IN CARRYING OUT TUNISIA'S ECONOMIC DEVELOPMENT. SENIOR OFFICIAL ADMITTED QUITE FRANKLY THAT GOT AFRAID OF "SNOWBALLING" EFFECT ON OTHER AID DONORS IF SUCH IMPLICATION APPEARED PUBLICLY. NEVERTHELESS, WE BELIEVE THAT MESSAGE OF POTENTIAL IMPORTANCE OF US TRADE AND INVESTMENT TO TUNISIA AT PRESENT STAGE OF DEVELOPMENT GOT THROUGH IN COMMUNIQUE. THIS WAS ALSO ADMITTED IN CONSTRUCTIVE CLOSING REMARKS BY SECRETARY OF STATE KOOLI AND IN STATEMENT IN SEPARATE MEETINGS BY PRIME MINISTER NOUIRA AND, MOST PARTICULARLY, BY MINISTER NATIONAL ECONOMY LASRAM. LASRAM STATED THAT TUNISIA HAS NOW REACHED HIGHER ECONOMIC STAGE WHERE ITS MUCH LARGER NEEDS CANNOT BE REALISTICALLY MET THROUGH BILATERAL AID AND STRESSED DESIRABILITY OF PRIVATE "PARTNERS IN PROGRESS."

3. WHILE DISAPPOINTED THAT JOINT COMMISSION DID NOT RESULT IN INCREASE OF US AID OR COMMITMENT ON NEW PROGRAMS, THERE WAS NO RECRIMINATION ON PART OF TUNISIANS, THEIR GENERAL MOOD WAS POSITIVE AND THEY APPEARED PLEASED OVER THE RESULTS. THEY WANTED TO MAKE JOINT COMMISSION WORK AND PRESENTED IT POSITIVELY TO PUBLIC. THEY AGREED TO A CONSTRUCTIVE AND BALANCED JOINT COMMUNIQUE (TUNIS 6237) EVEN THOUGH IT CONTAINED NO SIGNIFICANT NEW AID COMMITMENTS AND DWELT ON TRADE AND INVESTMENT.

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4. TUNISIAN FAVORABLE ATTITUDE CAN BE ATTRIBUTED LARGELY TO THEIR APPRECIATION OF CONTINUED US INTEREST IN TUNISIAN WELL BEING AND PROGRESS, OUR DESIRE TO CONTINUE AID PROGRAM AND TO BROADEN OUR CONSTRUCTIVE AND FRIENDLY RELATIONS, AND OUR WILLINGNESS TO GIVE PROTRACTED AND SYMPATHETIC HEARING TO THEIR VIEWS. ALTHOUGH DISAPPOINTED OVER ABSENCE UNDER SECRETARY ROBINSON, THEY UNDERSTOOD REASONS FOR IT. PRESENCE OF OTHER SENIOR OFFICIALS FROM WASHINGTON AND THEIR FULL PARTICIPA-

TIN IN MAKING SUCCESS OF THIS SECOND JOINT COMMISSION SESSION CONTRIBUTED TO TUNISIAN APPRECIATION OF USG GOOD FAITH. IN PARTICULAR, ASSISTANCE SECRETARY ATHERTON CONVEYED OUR CONTINUING ESTEEM FOR TUNISIA AND DESIRE TO STRENGTHEN AND DIVERSIFY RELATIONS. ASSISTANT ADMINISTRATOR NOOTER'S PATIENT AND COURTEOUS EXPLANATION OF OUR INABILITY TO RESPOND IN FULL TO THEIR AID REQUESTS HELPED CUSHION EFFECT OF DECREASED AID, WHILE DEPUTY ASST. SECY OF COMMERCE HOSTLER, DEPUTY ASST SECY BILLER AND OTHERS ON SECOND SUBCOMMISSION HELPED MAKE TUNISIANS MORE AWARE OF POTENTIAL BENEFITS FROM TRADE AND INVESTMENT.

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5. IN COMMISSION ON ECONOMIC DEVELOPMENT, US SIDE AFFIRMED INTENT OF US TO CONTINUE AID ACTIVITIES IN TUNISIA EVEN THOUGH USG WOULD NOT BE ABLE TO MEET TUNISIA'S REQUESTS FOR AID IN ALL FIELDS. POSSIBLE US PROGRAMS TO SUPPORT RURAL DEVELOPMENT (INCLUDING GENERAL INTENT TO EARMARK \$5 MILLION FOR SUITABLE PROJECT), FAMILY PLANNING, NUTRITION PROGRAMS AND TECHNICAL ASSISTANCE PROJECTS WERE DISCUSSED. S SIDE ALSO STATED THAT TUNISIAN REQUEST FOR 60,000 TONS PL 480 TITLE I SALES STILL UNDER CONSIDERATION AND THAT TEAM OF EXPERTS WILL STUDY TUNISIAN REQUEST

FOR \$20 MILLION HOUSING INVESTMENT GUARANTY. PROJECT HOPE'S DR. WALSH PRESENTED PLANS FOR MONASTIR TEACHING HOSPITAL AND PLEDGED HOPE'S SUPPORT FOR STAFF TO PROVIDE SUBSTANTIAL MEDICAL, MANAGERIAL AND TEACHING STAFF OVER 10-YEAR PERIOD FOR TOTAL VALUE OF \$15 MILLION. VALUE TO TUNISIA'S SOCIAL WELL BEING AND DEVELOPMENT GOALS OF OTHER HOPE ACTIVITIES, OTHER PRIVATE FOUNDATIONS (OVER \$3 MILLION A YEAR), PEACE CORPS (\$1.3 MILLION), AND SFCP COLLABORATIVE SCIENTIFIC RESEARCH PROGRAMS (\$2 MILLION A YEAR) WAS STRESSED BY US SIDE. IN RESPONSE TO TUNISIAN REQUEST, US SIDE AGREED IN PRINCIPLE TO KEEP US-OWNED DINARS IN ONE-YEAR REVOLVING DEPOSITS IN CENTRAL BANK AT PREVAILING COMMERCIAL INTEREST RATE AS LONG AS FUNDS NOT REQUIRED BY US, BUT LIMITED OFFICIAL USE

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WARNED THAT THEY MIGHT BE EXHAUSTED IN 5-9 YEARS. THIS SUBJECT TO FURTHER TECHNICAL DISCUSSIONS IN WASHINGTON.

6. SUBCOMMISSION ON TRADE AND INVESTMENT REVIEWED BILATERAL TRADE, NOTING GOOD POTENTIAL FOR EXPANSION IN BOTH DIRECTIONS, AND AGREED TO ESTABLISHING JOINT WORKING GROUP TO OVERCOME APPARENT OBSTACLES TO TRADE. TUNISIANS APPEARED VERY INTERESTED IN EXIMBANK FINANCING (WHICH TUNISIAN TRIED TO DEPICT AS "NEW FORM OF AID"). US SIDE NOTED IMPORTANCE OF VARIOUS PROPOSALS UNDER 1974 TRADE ACT TO FACILITATE EXPANSION OF TUNISIAN TRADE. FACT THAT US GSP WOULD GIVE TUNISIAN OLIVE OIL COMPETITIVE ADVANTAGE IN US MARKET RECEIVED CONSIDERABLE AND FAVORABLE LOCAL PUBLICITY. IN ADDITION TO GENERAL REVIEW OF TUNISIAN INVESTMENT CLIMATE AND REMAINING PROBLEM AREAS, TUNISIANS EXPRESSED CONSIDERABLE OPTIMISM REGARDING EXPANSION OF US INVESTMENTS AND AGREED TO CREATION OF WORKING GROUP TO FACILITATE IMPLEMENTATION OF TRIANGULAR INVESTMENT PROJECTS. THEY RESISTED DEFENSIVELY REFERENCES TO OBSTACLES IN TUNISIAN POLICY OR LAWS WHICH MAY HAMPER TRADE AND INVESTMENT.

7. BASED ON SEPARATE MEETING ON CULTURAL RELATIONS, US SIDE NOTED USG INTENTIONS EXPAND PROGRAM IN CURRENT YEAR AND WELCOMED TUNISIAN INTENTION SEND COLLECTION OF ANTIQUE MOSAICS TO US TO MARK BICENTENNIAL YEAR.

8. SEVERAL MEETINGS WERE HELD OUTSIDE FORMAL JOINT COMMISSION FRAMEWORK. THESE INCLUDED CALLS BY: ASST. SECY ATHERTON AND AMBASSADOR ON PRESIDENT BOURGUIBA AND FOREIGN MINISTER CHATTI; ATHERTON, HOSTLEF, AMBASSADOR AND OTHER OFFICIALS ON MINISTER NATIONALECONOMY LASRAM; SUBCOMMISSION CHAIRMEN, AMBASSADOR AND OTHERS ON PRIME MINISTER NOUIRA, AND CALLS BY VARIOUS US OFFICIALS ON API, DIRECTOR GENERAL COMMERCE MINISTRY NATIONAL ECONOMY, AND DIRECTOR GENERAL MAGASIN GENERAL. OPIC AND USDOC OFFICIALS ALSO CALLED ON DIRECTOR OF CABINET OF MINISTRY OF AGRICULTURE WHO CONVEYED WHAT IS BELIEVED TO BE FIRST OFFICIAL GOT POSITION AS TO HOW AGRIBUSINESS PROJECTS CAN ASSURE ADEQUATE SUPPLY OF AGRI-

CULTURAL RAW MATERIALS WITHIN TUNISIAN LAND LAWS. TREASURY REPRESENTATIVE AND EMBOFFS MET WITH REPRESENTATIVES MINISTRY FINANCE, CENTRAL BANK AND MINISTRY OF PLAN AND (HOPEFULLY) CLEARED UP TUNISIAN MISCONCEPTIONS REGARDING AVAILABILITY OF US-OWNED DINARS FOR POSSIBLE DEVELOPMENT PURPOSES.THESE MEETINGS WILL BE LIMITED OFFICIAL USE

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REPORTED SEPARATELY AS APPROPRIATE.

9. FORMAL SOCIAL FUNCTIONS INCLUDED RECEPTION HOSTED BY AMBASSADOR OCT 19 FOLLOWED BY FORMAL DINNER HOSTED BY FOREIGN MINISTER CHATTI AND ATTENDED BY SEVERAL MINISTERS. POMP AND CIRCUMSTANCE SURROUNDING THESE FUNCTIONS AND OPENING, CLOSING AND SIGNING CEREMONIES OF PLENARY JOINT COMMISSION ALSO CONTRIBUTED TO PROPITIOUS ATMOSPHERICS. EMBASSY HOSTED LUNCHEON FOR US AND TUNISIAN PRIVATE BUSINESS COMMUNITY OCT 20.

10. COMMENT: ATMOSPHERE FOR JOINT COMMISSION WAS EXCELLENT AND IT IS BELIEVED IT HELPED ADVANCE OUR OVERALL INTERESTS HERE EVEN THOUGH IT INEVITABLY FOCUSED OFFICIAL AND PUBLIC ATTENTION ON FACT THAT AID LEVELS HAD DECREASED FROM HL CYON DAYS OF 60'S. THIS WAS MADE UP IN PART BY HIGHLIGHTING OF OTHER FORMS OF COOPERATION OUTSIDE OF AID, AND POTENTIAL CONTRIBUTION TO DEVELOPMENT OF TRADE AND INVESTMENT. REALIZATION OF THIS POTENTIAL WILL DEPEND IN PART ON DECISIONS OF PRIVATE US BUSINESSMEN, BUT PRIMARILY ON TUNISIAN DOMESTIC POLICIES AND PROGRAMS TO REMOVE OBSTACLES TO TRADE AND TO CREATE EVEN MORE FACORABLE CLIMATE FOR DOMESTIC AND FOREIGN PRIVATE INITIATIVE IN ALL SECTORS. REQUIRED POLICIES AND ADMINISTRATIVE CHANGES MAY WELL BE RESISTED, IN SPITE OF HIGH-LEVEL TUNISIAN SUPPORT, BY INBRED BUREAUCRACY WHICH FAVORS CONTINUED COMPREHENSIVE GOVERNMENT DIRECTION OF ECONOMY AND RELIANCE ON FOREIGN AID. IF NEW US PRIVATE INVESTMENT OPPORTUNITIES MATERIALIZE AS ENVISAGED BY API, IT WOULD HELP ESTABLISH CREDIBILITY OF PRESENT US APPROACH TO TUNISIA CONVEYED AT JOINT COMMISSION. EFFECTIVE IMPLEMENTATION OF JOINT COMMISSION RECOMMENDATIONS IS ALSO IMPORTANT TO ASSURE DEMONSTRABLE BENEFITS OF CONTINUING AND PROPOSED NEW AID ACTIVITIES AND TRADE AND INVESTMENT AND TO CAPITALIZE ON PRESENT AUSPICIOUS CLIMATE SUCH IMPLEMENTATION WILL IMPOSE INCREASED RESPONSIBILITY ON MISSION HERE AND ON WASHINGTON AGENCIES CONCERNED WITH TUNISIA.  
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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Status:** NATIVE  
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**TAGS:** EGEN, TS, USTSJC  
**To:** STATE  
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